



House of Representatives

General Assembly

File No. 539

February Session, 2006

Substitute House Bill No. 5486

House of Representatives, April 18, 2006

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING GAMING PRODUCTS AND RAFFLE PRIZES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective January 1, 2007*) (a) As used in this section
2 (1) "bingo" has the same meaning as provided in section 7-169 of the
3 general statutes, and (2) "bingo products" means bingo ball equipment,
4 bingo cards or bingo paper.

5 (b) Each group or organization authorized to operate or conduct a
6 bingo game or series of bingo games pursuant to sections 7-169 and 7-
7 169a of the general statutes or section 7-169c of the 2006 supplement to
8 the general statutes, shall use bingo products that are (1) owned in full
9 by such group or organization, (2) used without compensation by such
10 group or organization, or (3) rented or purchased from a bingo
11 product manufacturer or equipment dealer who is registered with the
12 Division of Special Revenue in accordance with subsection (c) of this
13 section.

14 (c) Each applicant for registration as a bingo product manufacturer
15 or equipment dealer shall apply to the executive director of the
16 Division of Special Revenue on such forms as the executive director
17 prescribes. The application shall be accompanied by an annual fee of
18 fifteen hundred dollars payable to the State Treasurer. Each applicant
19 for an initial registration shall submit to state and national criminal
20 history records checks conducted in accordance with section 29-17a of
21 the 2006 supplement to the general statutes before such registration is
22 issued.

23 (d) No registered bingo product manufacturer or equipment dealer
24 shall rent or sell any type of bingo product that has not been approved
25 by the executive director of the Division of Special Revenue.

26 (e) The Division of Special Revenue may revoke for cause any
27 registration issued in accordance with subsection (c) of this section.

28 (f) The executive director of the Division of Special Revenue may
29 adopt regulations, in accordance with chapter 54 of the general
30 statutes, to implement the provisions of this section.

31 Sec. 2. (NEW) (*Effective January 1, 2007*) (a) No permittee pursuant to
32 section 7-169h of the general statutes, as amended by this act, may use
33 a mechanical or electronic ticket dispensing machine to sell sealed
34 tickets unless such machine is owned in full by the permittee or is
35 rented or purchased from a manufacturer or dealer who is registered
36 with the Division of Special Revenue.

37 (b) Each applicant for registration as a manufacturer or dealer in
38 sealed ticket dispensing machines shall apply to the executive director
39 on such forms as the executive director prescribes. The application
40 shall be accompanied by an annual fee of five hundred dollars payable
41 to the State Treasurer. Each applicant for initial registration shall
42 submit to state and national criminal history records checks conducted
43 in accordance with section 29-17a of the 2006 supplement to the
44 general statutes before such registration is issued.

45 (c) The Division of Special Revenue may revoke for cause any
46 registration issued in accordance with subsection (a) of this section.

47 (d) The executive director of the Division of Special Revenue may
48 adopt regulations, in accordance with chapter 54 of the general
49 statutes, to implement the provisions of this section.

50 Sec. 3. Subsection (a) of section 7-169h of the general statutes is
51 repealed and the following is substituted in lieu thereof (*Effective*
52 *January 1, 2007*):

53 (a) For the purposes of this section and section 2 of this act:

54 (1) "Executive director" means the executive director of the Division
55 of Special Revenue within the Department of Revenue Services who
56 shall be responsible for the regulation of the distribution and sale of
57 sealed tickets in the state;

58 (2) "Division" means the Division of Special Revenue within the
59 Department of Revenue Services;

60 (3) "Sealed ticket" means a card with tabs which, when pulled,
61 expose pictures of various objects, symbols or numbers and which
62 entitles the holder of the ticket to receive a prize if the combination of
63 objects, symbols or numbers pictured matches what is determined to
64 be a winning combination.

65 Sec. 4. Subsection (e) of section 7-169h of the general statutes is
66 repealed and the following is substituted in lieu thereof (*Effective*
67 *January 1, 2007*):

68 (e) Notwithstanding the provisions of subsection (b) of section 53-
69 278b and subsection (d) of section 53-278c, sealed tickets may be sold,
70 offered for sale, displayed or open to public view only (1) during the
71 course of a bingo game conducted in accordance with the provisions of
72 section 7-169 and only at the location at which such bingo game is
73 conducted, (2) on the premises of any such organization or group
74 specified in subdivision (2) of subsection (c) of this section, (3) during

75 the conduct of a bazaar under the provisions of sections 7-170 to 7-186,
76 inclusive, or (4) in conjunction with any social function or event
77 sponsored or conducted by any such organization specified in
78 subdivision (4) of subsection (c) of this section. [Permittees] Subject to
79 the provisions of section 2 of this act, permittees may utilize a
80 mechanical or electronic ticket dispensing machine. [approved by the
81 division to sell sealed tickets.] Sealed tickets shall not be sold to any
82 person less than eighteen years of age. All proceeds from the sale of
83 tickets shall be used for a charitable purpose, as defined in section 21a-
84 190a.

85 Sec. 5. (NEW) (*Effective October 1, 2006*) Any sponsoring
86 organization with a "Class No. 1", "Class No. 2", or "Class No. 4" permit
87 that is qualified to conduct a raffle under section 7-172 of the general
88 statutes or section 7-185a, as amended by this act, may conduct a frog-
89 race, duck-race or traditional raffle and may award cash prizes to
90 participants in such a raffle in addition to those prizes authorized
91 under section 7-177 of the general statutes, as amended by this act.
92 Such raffle shall conform to the requirements of sections 7-170 to 7-186,
93 inclusive, of the general statutes. Each organization conducting a raffle
94 described in this section shall deposit all proceeds from such raffle in a
95 special checking account established and maintained by the
96 organization which shall be subject to audit by the Division of Special
97 Revenue. Any expense incidental to the conduct of such raffle shall be
98 paid from the gross receipts of raffle tickets and only by checks drawn
99 from such checking account. All cash prizes awarded shall be paid
100 from such checking account.

101 Sec. 6. Section 7-177 of the general statutes is repealed and the
102 following is substituted in lieu thereof (*Effective October 1, 2006*):

103 All prizes given at any bazaar or raffle shall be merchandise,
104 tangible personal property or a ticket, coupon or gift certificate, [which
105 shall not be refundable or transferable,] entitling the winner to
106 merchandise, tangible personal property, services, transportation on a
107 common carrier by land, water or air and to any tour facilities

108 provided in connection therewith, or to participation in a lottery
109 conducted under chapter 226. [Cash] Such ticket, coupon or gift
110 certificate shall not be refundable or transferable. No cash prizes or
111 prizes consisting of alcoholic liquor shall [not] be given, [nor shall any
112 prize] except as provided in section 5 of this act, and no prize shall be
113 redeemed or redeemable for cash, except tickets for a lottery
114 conducted under chapter 226. For the purposes of this section, coins
115 whose trading value exceeds their face value and coins not commonly
116 in circulation shall not be deemed a cash prize.

117 Sec. 7. Section 7-185 of the general statutes is repealed and the
118 following is substituted in lieu thereof (*Effective October 1, 2006*):

119 The executive director of the Division of Special Revenue, with the
120 advice and consent of the Gaming Policy Board, shall adopt, in
121 accordance with the provisions of chapter 54, such regulations as are
122 necessary [effectively to carry out] to effectuate the provisions of
123 sections 7-170 to 7-186, inclusive, and section 5 of this act in order to
124 prevent fraud and protect the public, which regulations shall have the
125 effect of law.

126 Sec. 8. Subsection (e) of section 7-185a of the 2006 supplement to the
127 general statutes is repealed and the following is substituted in lieu
128 thereof (*Effective July 1, 2006*):

129 (e) Notwithstanding the provisions of sections 7-170 to 7-186,
130 inclusive, and the regulations adopted thereunder, any organization
131 conducting a bazaar may operate a "teacup raffle" and may award
132 prizes consisting of merchandise each not exceeding one hundred
133 dollars [each] in value through the sale of chances. No such
134 organization may conduct more than one scheduled "teacup raffle"
135 drawing for all prizes offered on any day on which a bazaar is
136 permitted. A "teacup raffle" shall be operated from an authorized
137 bazaar booth, and shall be subject to regulation by the executive
138 director of the Division of Special Revenue. Each "teacup raffle" ticket
139 shall (1) be consecutively numbered and have a correspondingly
140 numbered stub [which] that shall include the name, address and

141 telephone number of the purchaser, or (2) be a sheet containing up to
142 twenty-five coupons, each bearing the same number, and including a
143 "hold" stub for the purchaser and a correspondingly numbered stub
144 including the name, address and telephone number of the purchaser.
145 The Division of Special Revenue shall be the sole issuer of sheet tickets
146 which shall be made available for purchase by permittees as fund-
147 raising items at a price not to exceed ten per cent above the state
148 purchase price. Each sponsoring organization conducting such raffle
149 shall conspicuously post, at each bazaar booth at which such raffle is
150 conducted, a notice or notices [which shall] that include the date and
151 time of any "teacup raffle" drawing. The sponsoring organization shall
152 preserve all sold and unsold tickets or stubs for a period of at least one
153 year from the date of the verified statement required pursuant to
154 section 7-182.

155 Sec. 9. (NEW) (*Effective October 1, 2006*) (a) As used in this section
156 "tuition raffle" means a raffle in which the prize is payment of the
157 tuition or part of the tuition at an educational institution for a student
158 recipient designated by the raffle winner.

159 (b) Notwithstanding the provisions of sections 7-170 to 7-186,
160 inclusive, of the general statutes, any organization qualified to conduct
161 a bazaar or raffle under section 7-172 of the general statutes may
162 conduct a special tuition raffle once each calendar year. The executive
163 director shall adopt such regulations, in accordance with chapter 54 of
164 the general statutes, as are necessary to carry out the provisions of this
165 section. Said regulations shall (1) allow any organization permitted to
166 conduct a special tuition raffle to fund all or a portion of a student
167 recipient's education each year for a period not to exceed four years,
168 (2) permit the student recipient to be the actual tuition raffle winner, a
169 relative of the raffle winner, or a student chosen by the raffle winner,
170 (3) give authority to the sponsoring organization to permit the tuition
171 prize to be divided among student recipients designated by the raffle
172 winner, (4) provide that the tuition prize be paid each consecutive
173 year, commencing with the first year of the student recipient's
174 education at an accredited private or parochial school, or public or

175 independent institution of higher education selected by the student
 176 recipient, (5) provide that the tuition prize be paid directly to the
 177 educational institution designated by the student recipient, and no
 178 tuition prize shall be redeemed or redeemable for cash, and (6) provide
 179 that the tuition raffle winner have a period not to exceed four years to
 180 designate a student recipient.

181 (c) All proceeds of the special tuition raffle shall be deposited in a
 182 special dedicated bank account approved by the executive director of
 183 the Division of Special Revenue, and all special tuition raffle expenses
 184 shall be paid from such account. The executive director shall prescribe
 185 the maintenance of tuition raffle accounts by any sponsoring
 186 organization and such accounts shall be subject to audit by the
 187 executive director or his designee. The executive director may require
 188 any organization conducting a tuition raffle to post a performance
 189 bond in an amount sufficient to fully fund the special tuition raffle
 190 prize to be awarded.

191 (d) Any organization permitted to conduct a special tuition raffle
 192 shall, in addition to the verified financial statement required in
 193 accordance with section 7-182 of the general statutes, file a tuition
 194 raffle financial report in a manner prescribed by the executive director.
 195 Such report shall detail the status of the tuition prize money or the
 196 raffle and any other information that the executive director may
 197 require, on a quarterly basis, during the months of January, April, July
 198 and October, until all tuition payments for each special tuition raffle
 199 have been paid.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2007</i>	New section
Sec. 2	<i>January 1, 2007</i>	New section
Sec. 3	<i>January 1, 2007</i>	7-169h(a)
Sec. 4	<i>January 1, 2007</i>	7-169h(e)
Sec. 5	<i>October 1, 2006</i>	New section
Sec. 6	<i>October 1, 2006</i>	7-177
Sec. 7	<i>October 1, 2006</i>	7-185

Sec. 8	<i>July 1, 2006</i>	7-185a(e)
Sec. 9	<i>October 1, 2006</i>	New section

Statement of Legislative Commissioners:

In subsection (b) of section 9 subdivision designator (1) was moved and inserted before "allow" for accuracy.

PS *Joint Favorable Subst. C/R*

FIN

FIN *Joint Favorable Subst.-LCO*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Effect	FY 07 \$	FY 08 \$
Spec. Revenue, Div. of	GF - Revenue Gain	Minimal	Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill is estimated to result in a minimal revenue gain of approximately \$9,000 from permit fees collected by the Division of Special Revenue (DSR).

The bill also requires DSR to buy sheet tickets for sale back to qualifying organizations as fundraising items, as a service to those organizations. The cost to buy the ticket sheets is approximately \$5,500, but will be recovered from sales to organizations.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 5486****AN ACT CONCERNING GAMING PRODUCTS AND RAFFLE PRIZES.****SUMMARY:**

This bill:

1. authorizes qualified organizations to conduct special tuition raffles, subject to Division of Special Revenue (DSR) regulation, with tuition payments as prizes;
2. requires dealers and manufacturers who sell or rent bingo products, bingo equipment, or sealed ticket machines to DSR permittees to register annually with DSR (\$500 for sealed ticket applicants and \$1,500 for bingo applicants);
3. allows three classes of raffle permittees to award cash prizes, with a maximum allowable prize of \$15,000 for class 1 raffles; and
4. allows the sale of sheet tickets in teacup raffles.

EFFECTIVE DATE: Various, see below.

TUITION RAFFLES***Tuition Raffle Authorized***

The bill allows organizations qualified to conduct bazaars and raffles to conduct a special tuition raffle once each calendar year. It defines a tuition raffle as one in which the prize is the payment of tuition at an educational institution for a student recipient the raffle winner designates.

Implementing Regulations for Tuition Raffles

The bill requires the DSR executive director to adopt implementing regulations for tuition raffles. The regulations must:

1. allow organizations to fund all or a portion of a student recipient's education each year for up to four years;
2. allow organizations to give the tuition award to the raffle winner, the winner's relative, or a student the winner chooses;
3. authorize the sponsoring organization to allow the raffle winner to designate several students to share the tuition prize;
4. provide that tuition prizes are paid each consecutive year, starting in the student's first year at an accredited private or parochial school, or public or independent college the student selects;
5. require that prizes be paid directly to the educational institution the student recipient designates and disallow redemption of prizes for cash; and
6. give raffle winners a maximum four years to name a student recipient.

Accounting and Reporting Procedures for Tuition Raffles

The bill requires special tuition raffle proceeds to be deposited in a special dedicated bank account to pay special tuition raffle expenses. The DSR executive director must approve the accounts, which are subject to DSR audit, and prescribe how sponsoring organizations maintain them. He may require organizations to post a performance bond to fully fund prizes.

Organizations that conduct tuition raffles must file quarterly tuition raffle financial reports as the executive director prescribes. These are in addition to the verified financial reports raffle permittees file under existing law. The reports must detail the status of the tuition prize money or raffle and any other information the executive director requires. They are due in January, April, July, and October, until the

organization makes all the tuition payments for each special raffle.

EFFECTIVE DATE: October 1, 2006

BINGO PRODUCT MANUFACTURERS AND EQUIPMENT DEALER REGISTRATION

The bill requires DSR to register bingo product manufacturers and equipment dealers who rent or sell bingo products to organizations authorized under existing law to conduct bingo games. It defines bingo products as bingo ball equipment, bingo cards, or bingo paper. A person seeking to be registered must apply to the DSR executive director on a form he prescribes and include a \$1,500 fee with the application, payable to the state treasurer. First-time applicants must undergo state and national criminal history record checks. The registration is renewable annually for \$1,500. DSR may revoke registrations for cause.

The bill prohibits registered bingo product manufacturers and equipment dealers from renting or selling any type of bingo product not approved by DSR. It requires any organization authorized to operate bingo to use bingo products that it (1) owns, (2) uses for free, or (3) rents or buys from a registered manufacturer or dealer.

The bill allows DSR to adopt implementing regulations.

EFFECTIVE DATE: January 1, 2007

SEALED TICKET MACHINE MANUFACTURER AND DEALER REGISTRATION

The bill requires DSR to register manufacturers or dealers in sealed ticket dispensing machines that rent or sell the machines to organizations authorized under existing law to sell sealed tickets. But it eliminates a requirement for the executive director to approve the machines.

A person seeking to be registered must apply to the DSR executive director on a form he prescribes and include a \$500 fee with the application, payable to the state treasurer. First-time applicants must

undergo state and national criminal history record checks. The registration is renewable annually for \$500. DSR may revoke registrations for cause.

The bill prohibits permittees from using mechanical or electronic sealed ticket dispensing machines unless they own them or rent or buy them from a registered manufacturer or dealer.

The bill allows DSR to adopt implementing regulations.

EFFECTIVE DATE: January 1, 2007

CASH PRIZES AUTHORIZED FOR REGULAR RAFFLES

Current law prohibits the awarding of cash prizes for raffles, except cow-chip raffles. The bill allows classes 1, 2, and 4 raffle permittees to award cash prizes for frog-race, duck race, and traditional raffles. Under existing law, the authorized maximum aggregate value of prizes for class 1 raffles is \$15,000; class 2, \$2,000; and class 4, \$100 (CGS § 7-175).

The bill requires the organization conducting the raffle to deposit the proceeds in a special checking account it establishes for this purpose. It must pay all cash prizes from the account, and it must pay incidental expenses from the gross raffle receipts on checks drawn on the account. The account is subject to DSR audits.

EFFECTIVE DATE: October 1, 2006

TEACUP RAFFLES

The bill allows qualified organizations conducting teacup raffles to sell "sheet tickets" as an alternative to single tickets. Sheet tickets may contain up to 25 coupons with the same number and include a hold stub for the buyer and a correspondingly numbered stub with the buyer's name, address, and telephone number. (With sheet tickets, a player can complete one stub that has multiple coupons, instead of multiple stubs, as is the case with single tickets.)

The bill makes DSR the sole sheet ticket issuer. DSR must sell the

tickets to permittees as fundraising items. It cannot sell them for more than 10% over what it paid for them.

EFFECTIVE DATE: July 1, 2006

COMMITTEE ACTION

Public Safety and Security Committee

Joint Favorable Substitute Change of Reference

Yea 20 Nay 0 (03/07/2006)

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 50 Nay 0 (04/04/2006)